

24 March 1976

MEMORANDUM FOR THE RECORD

SUBJECT: Conversation with Andy Marshall

1. I met with Andy today at his request to discuss the DoD proposals for the Soviet military expenditures problem. The message was characteristically vague, but the essence was as follows:

-- Personnel. DoD would like to add "two or three" people. Laffer has indicated a willingness to serve. Niskanen is unavailable. Dam has been ruled out because he and Laffer are both in Chicago. Andy is going to approach Enthoven, and Stockfisch (sp?) and has apparently not ruled out Rowen. He said he was not looking for Soviet experts. (I had steered him onto this question to see if there was any chance that they were going to spring Bill Lee on us; Lee's name was not mentioned.)

-- I asked if he envisaged any change in the way the Panel worked, that is, two or three sessions a year for a couple of days each. He said they did not.

-- Andy expressed again his dissatisfaction that the Panel was concentrating on improving the present model. I pointed out yet again that the Panel had made it its first order of business to challenge the present model and had concluded that it was valid. Subsequently, they had been working on improvements. Andy said, however, that he would like to see some independent efforts to reach rough bounds or orders of magnitude as a means of validating the model's performance. He hoped the Panel could be charged with making some suggestions along these lines and that,

with the additional resources that he understood CIA was providing to the effort, we would be in a position to explore any such approaches. I told him I thought this was a reasonable approach, but warned that the additional analysts were not yet in hand, and that we could not undertake anything that would interfere with the annual dollar and ruble cycles.

-- Andy also emphasized the desirability of a new attach on the burden problem, but agreed that it was very difficult. He returned to the subject of costing such things as civil defense, dispersal of industry, and other measures to decrease vulnerability.

-- The concept that the Panel would be under the DCI, as Andy had agreed in a phone conversation with Proctor last week, was not brought up.

2. DoD's proposal for a new charter and probably their nominations to the Panel will be sent over in ten days to two weeks. From the general thrust of Andy's statements, I conclude that he is seeking evolution, not revolution: a reinforced effort and further exploration of alternate approaches.



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